



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 13, 2009

TO: Mayor and Councilmembers

FROM: Environmental Services Division, Finance Department

SUBJECT: Public Hearing Regarding Proposed Solid Waste Rate Changes

RECOMMENDATION:

That Council hold a public hearing, as required by State law, regarding proposed changes to rates for the collection of recyclables, greenwaste, foodscrap and trash for businesses within the City of Santa Barbara.

DISCUSSION:

The Solid Waste Strategic Plan, approved by City Council in 2005, contains several technical approaches designed to increase diversion of material from the landfill through "Waste System Modifications." These technical approaches include modifying the solid waste collection rate structure to provide increased financial incentives for customers to subscribe to diversion services (recycling, greenwaste and foodscrap) and decrease trash services.

Following a selection process, the City hired Skumatz Economics Research Associates (SERA) in December 2007 to perform a rate study for the business sector using a mathematical model to test various rate proposals. A Rate Study Project Team was assembled, consisting of senior staff from Allied Waste Industries, MarBorg Industries, SERA, and the Environmental Services Division, to help develop the proposed new rates for the business sector.

On March 3, 2009 City Council approved, in concept, the proposed new rates for trash, recycling, greenwaste and foodscrap collection services in the City's business sector. These new rates are designed to: 1) increase financial incentives for businesses to recycle more and dispose of less, 2) create new rates for the Foodscrap Recovery and Composting program in the business sector, and 3) to enable business customers to better understand and self-audit the charges shown on their utility bills and discern the financial incentives that have been created to divert materials from landfill disposal. The new rates also correct several anomalies in the existing rate structure that can create disincentives for businesses to recycle more. Council directed staff to make a concerted

outreach effort to the business community, and receive feedback and answer questions before moving forward with implementing the new rates.

Staff has now conducted a comprehensive business outreach campaign, which was presented to Council at its July 21, 2009 meeting. At that meeting, Council also directed staff to initiate the noticing process per Proposition 218 requirements, which was sent to all affected property owners between July 22 and August 21, 2009. To date, only one letter has been received in opposition to the new rates.

Today's public hearing is required prior to final adoption of the new rates. The final fee resolution is scheduled for consideration by Council on October 27, 2009 and the new rates would be effective on utility bills dated November 1, 2009 or later.

BUDGET/FINANCIAL INFORMATION:

Per the contracts with both Allied Waste and MarBorg Industries, the City is required to maintain revenue neutrality when proposing fundamental changes to the structure of the rates for collecting municipal solid waste in the City. The proposed new business rates have been designed to be revenue neutral and pose no material financial impacts to the City or the contracted haulers.

SUSTAINABILITY IMPACTS:

Recycling municipal solid waste and the City's related efforts to divert material from landfill disposal have considerable beneficial impacts to the environment. The proposed new business rates contain increased financial incentives for business customers to divert recyclable, compostable and/or reusable materials from the trash. The United States Environmental Protection Agency has acknowledged and developed metrics that provide clear evidence of reduced greenhouse gas emissions through composting and recycling, which result in the creation of products using recycled feedstocks versus using virgin, natural resources. All of the activities of the Solid Waste Strategic Plan contribute to the City's goal of becoming a more sustainable community.

ATTACHMENT: Notice of Public Hearing – Proposed Changes to Solid Waste Rates in the Business Sector

PREPARED BY: Stephen MacIntosh, Environmental Services Supervisor

SUBMITTED BY: Robert Samario, Interim Finance Director

APPROVED BY: City Administrator's Office

NOTICE OF PUBLIC HEARING Proposed Increase to Utility Rates



Date: October 13, 2009
Time: 2:00 p.m.
Place: City Council Chambers, City Hall
 735 Anacapa Street, Santa Barbara

NOTICE IS HEREBY GIVEN that the City Council of the City of Santa Barbara will consider a recommendation to adopt a resolution, at the above-indicated time and place, to change trash, recycling, and greenwaste collection rates for **Business Customers only** that are charged by the City. Residential and Multi-Family trash rates will not change, nor will any water and wastewater rates change. Changes would be effective on utility bills dated November 1, 2009 or later. Sample billing comparisons for current and proposed rates are shown below. The changes will provide additional incentives for customers to increase recycling and greenwaste service, add foodscrap collection (a new program for business customers) and to reduce trash service. For more information about the Foodscrap Collection Program that starts November 1, 2009 or these rate changes, see www.SBrecycles.org. Recycling, greenwaste, and foodscrap (diversion services) will cost 15% of the price of trash service for business customers. The customers' actual bill may increase or decrease depending on the mix of trash and diversion services selected by the customer. Dumpster rental rates have been included in the cost of service, and customers with their own dumpsters will receive a credit.

Note: This notice is intended only for Business Customers billed by the City of Santa Barbara for trash and diversion services.

If you oppose any of the above increases, please deliver your protest **in writing** to the City Clerk of the City of Santa Barbara at 735 Anacapa Street, Santa Barbara, CA, 93101, prior to or during the City Council's consideration of this item on **October 13, 2009**. (If you wish to submit your written protest during the public hearing, please deliver it to City Staff in the Council Chamber.)

Typical Trash, Recycling, Foodscrap & Greenwaste Billing Comparisons Current vs. Proposed Rates

Customer Class	Level of Diversion	Sample Container Mix	Total Monthly Charges*		
			Current Cost	Proposed Rates	\$ Change
Small customer (total waste = 1 cubic yard)	Trash 100%, no recycle, green and/or food	Trash-two 96 gal carts	\$121.06	\$121.66	\$0.60
	Trash 50%, any combination of recycle, green and/or food 50%	Trash-96gal cart Recycling-96 gal cart	\$60.53	\$60.83	\$0.30
	Trash 33%, any combination of recycle, green and/or food 66%	Trash-64gal cart Greenwaste-64 gal cart Recycling-64 gal cart	\$40.35	\$40.55	\$0.20
Medium Customer (total waste = 12 cubic yards)	Trash 100%, no recycle, green and/or food	Trash-two 3yd dumpsters, 2x/wk	\$740.92	\$877.90	\$136.98
	Trash 50%, any combination of recycle, green and/or food 50%	Trash-3yd dumpster, 2x/wk Recycling-3yd dumpster, 2x/wk	\$551.53	\$504.79	\$-46.74
	Trash 33%, any combination of recycle, green and/or food 66%	Trash-4yd dumpster, 1x/wk Recycling-4yd dumpster, 2x/wk	\$493.04	\$366.23	\$-126.81
Large customer (total waste = 48 cubic yards)	Trash 100%, no recycle, green and/or food	Trash-Three 4yd dumpsters, 4x/wk	\$2,753.13	\$3,592.74	\$839.61
	Trash 50%, any combination of recycle, green and/or food 50%	Trash-4yd dumpster, 6x/wk Greenwaste-4yd dumpster, 1x/wk Recycling-4yd dumpster, 5x/wk	\$2,130.50	\$2,077.66	\$-52.84
	Trash 33%, any combination of recycle, green and/or food 66%	Trash- 4yd dumpster, 4x/wk Recycling-two 4yd dumpsters, 4x/wk	\$1,789.49	\$1,556.84	\$-232.65

* Not including 6% utility tax on waste services, as applicable